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SUBJECT: PELOSI DELEGATION'S MEETING WITH CHINA'S NATIONAL PEOPLE'S CONGRESS

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¶1. (U) Speaker of the House of Representatives Nancy Pelosi and Representative Edward Markey (D - MA) on May 27 led a delegation that met with China's National People's Congress (NPC) Environmental Protection and Resources Conservation Committee (EPRC). Please see paragraphs 13 and 14 for a list of participants. The Chinese delegation was led by Chairman of the EPRC Mr. Wang Guangtao.

Environmental Legislation

¶2. (SBU) Wang commenced the meeting by giving an overview of China's legislative efforts since 1979 to reduce carbon emissions and increase energy efficiency. According to Wang, in the last five years, China has redoubled its efforts, and has passed a series of laws and regulations setting targets for renewable energy usage and energy efficiency in public buildings, encouraging energy conservation, reducing energy intensity, strengthening enforcement of environmental standards, and increasing supervision over projects that may have an impact on the environment.

¶3. (SBU) Wang stated that his committee continues to work to strengthen China's legal system, particularly in the area of enforcement, to encourage both economic development and environmental protection. The EPRC is particularly active in assisting China's Standing Committee review work reports submitted by development committees outlining progress made on controlling air pollution as mandated in the Eleventh Five-Year plan. The EPRC also investigates claims from the public on potential environmental law infringements and has launched a national campaign to raise public awareness on the importance of conservation, Wang explained.

Seeing the Results

¶4. (SBU) Wang claimed China has met with great success because of these efforts and cited some statistics to bolster that claim. He said renewable energy usage has increased with hydropower increasing from 79.3 million kW per year in 2008 to 163 million kW in 2008 and nuclear energy increasing from 2.1 million kW to 8.85 million kW over the same period. According to Wang, from 2006 to 2008, China has decreased energy intensity by 10%, carbon emissions by 6.6% and sulfur dioxide emissions by 8.9%.

"Unprecedented" Efforts to Reduce Emissions

¶5. (SBU) Congressman Markey, briefly explaining the Waxman-Markey bill, said the U.S. wants to show its leadership in the area of global climate change at the upcoming COP 15 United Nations Climate Change Conference in Copenhagen in December. As the two largest emitters of green house gases, the U.S. and China need to work together to lead global efforts in reducing carbon emissions, he stated. Congressman Markey asked what plans the Chinese government has for limiting and reducing coal emissions. Chairman Wang replied China has a four-pronged approach. First, the government has a goal of reducing energy intensity by 20% by 2020. Second, China is

making "unprecedented" efforts to forcibly phase out coal-fired manufacturing plants and power generation plants. China is focusing on new energy sources to reduce green house gases in rural areas and has already equipped 26.5 million homes with biogas capabilities. Finally, reforestation efforts are underway with forested areas increasing from 12% at the turn of the century to 18% today.

China is Still a Developing Nation

¶16. (SBU) Representative James Sensenbrenner (R - WI) stated that both China and the United States are being criticized for not having done enough to limit and reduce greenhouse gas emissions. The two countries should work together in Copenhagen to develop an agreement that satisfies all parties. Chairman Wang replied China has endorsed the "common but differentiated responsibilities" concept put forth in the Kyoto protocol and the United Nations Framework Convention on Climate Change (UNFCCC). Wang emphasized China is still a developing nation with 150 million people living below the poverty line. Twenty-three million people have left the countryside to find work in the cities. Thirty million don't have access to clean drinking water. As such, China needs to balance its efforts in environmental protection with the need to address these societal and economic challenges.

¶17. (U) Representative Earl Blumenauer (D - OR) suggested the Chinese government look at ways to improve land use planning and transportation to achieve more sustainable and affordable development. Wang agreed, saying Chinese experts have studied U.S. urban planning models. He said the Urban and Rural Planning Law is aimed at reducing the cost of development and boosting energy efficiency. In the course of urbanization, 40% of rural workers have moved to large cities while 60% have moved to small cities. China has built many highways and high-speed railways to connect

these cities. In Beijing alone, 200 km of subway lines have been built and that will increase to 500 km over time, Wang explained.

Out with the Old, In with the New

¶18. (SBU) Mr. Pu Haiqing, Vice Chairman of the NPC EPRCC told the delegation the energy sector is responsible for 90% of carbon emissions in China. The Chinese government is exploring new technologies in energy-intensive sectors such as iron and steel production. In addition, Pu reported China is phasing out 90 million tons of outdated still mill capacity between 2009 and 2011 and 60 million tons of iron ore production capacity. In response to a question from Representative Markey, Pu reported China has 87 major iron and steel manufacturers and as many as 500 minor producers.

If Not Cuts, A Cap?

¶19. (SBU) Representative Jay Inslee (D - WA) suggested the U.S. and China sign a bilateral agreement to work together on carbon capture sequestration technology and asked what are the plans for limiting carbon emissions for the foreseeable future. He proposed China consider setting a cap on total carbon emissions at Copenhagen if it could not agree to actually emissions cuts. Chairman Wang stated the U.S. and China are already cooperating at both the government and commercial level in many areas including in petro-chemicals, nuclear technology and automotive technology.

¶110. (SBU) Wang said he was formally the head of the Ministry of Construction. Under his leadership, the ministry imposed a regulation that required public buildings increase their energy efficiency by an average of 50%. In Beijing, Shanghai and Tianjin, the requirement is 65%. This equates to an equivalent of reducing coal consumption by 90 million tons, Wang conveyed. He said 150 million square meters of building space will be renovated with energy saving technology by 2010.

¶111. (SBU) NPC EPRCC member Zhou Yuan said China currently imports 50% of its oil. The government has developed three and five year plans to reduce oil consumption and raise refining standards. Currently, Beijing and Shanghai both meet Euro IV standards while the rest of China meet Euro III standards.

¶112. (U) The delegation has cleared on this cable.

Chinese Participants

¶13. (U) Mr. Wang Guangtao, Chairman, NPC EPRCC
Mr. LI Zhaoxing, Chairman, NPC Foreign Affairs Committee
Mr. ZHOU Wenzhong, Chinese Ambassador to the United States
Mr. PU Haiqing, Vice Chairman, NPC EPRCC
Ms. WANG Jirong, Vice Chairperon, NPC EPRCC
Mr. YUAN Si, Vice Chairman, NPC EPRCC
Mr. ZHANG Hongbiao, NPC EPRCC Member
Mr. XU Jianmin, NPC EPRCC Member
Mr. ZHOU Yuan, NPC EPRCC Member
Mr. GU Yidong, NPC EPRCC Member

U.S. Participants

¶14. (U) Speaker of the House of Representatives, Mrs. Nancy Pelosi
Rep. Edward Markey (D-MA)
Rep. James Sensenbrenner (R-WI)
Rep. Earl Blumenauer (D-OR)
Rep Jay Inslee (D-WA)
Rep Jackie Speier (D-CA)
Wyndee Parker, National Security Advisor to the Speaker (Policy Staff)
Karen Wayland, Policy Advisor to the Speaker (Policy Staff)
Jonathan Stivers, Policy Advisor to the Speaker (Policy Staff)
Brendan Daly, Communication Director to the Speaker
Bridget Fallon, Chief of Protocol for the Speaker
Michael Long, Personal Assistant to the Speaker
Gerry Waldron, PtS*^8U?Steve Rusnak, Official Photographer